Industry Day for Iowa/Milan AAPs

Isle of Capri
Bettendorf, IA

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Industry Day for Iowa/Milan AAPs Agenda

- 7:30 a.m.- 8:00 a.m. – Registration
- 8:00 a.m.- 9:00 a.m.
  - Opening remarks
  - Objectives
  - Program overview
- 9:00 a.m. – 9:30 a.m. – Break
- 9:30 a.m. – 10:30 p.m. – Question & Answer Session
- 11:30 – One-on-One Discussions

Industry Day Objectives

- The purpose of this Industry Day is to:
  - Provide potential offerors with a general program overview
  - Open dialogue with industry
  - Solicit input and comments from industry for use in developing a strategy that will ensure a win-win business case for the Government and industry
    - Acquisition strategy not yet determined
- Provide attendees the ability to meet potential partners
- Encourage open and continuous exchange of info and ideas throughout this process
- Obtain industry feedback

Industry Day Objectives Cont.

- Types of feedback we are looking for:
  - What information is required
  - What types of terms and conditions are needed
  - Existing capabilities in the commercial marketplace
  - Industry and business practices to consider
  - Potential cost drivers
  - Solutions to problems
  - What would make site visits meaningful
  - Your comments/concerns/ideas
  - Innovative use of facility assets/underutilized capacity encouraged

- Note info provided today is not intended to obligate the Government in any way

Acquisition Strategy

- Strategy not yet finalized
- Anticipate
  - Full & open competition
  - Best Value source selection
  - Multiple contracts/awards possible
  - No-cost facility use contract(s)
  - Long term contract(s)

Why Are We Exploring Potential Competitive Strategy Now?

- Current contract expiring, second time extended
- BRAC 2005 completed
- 10 U.S.C. 2304 and 41 U.S.C. 253 require, with certain limited exceptions, that we utilize full and open competition

IOWA ARMY AMMUNITION PLANT

PRODUCTION LINE CAPABILITIES

Line 1:

- Explosive Pressing (70 presses)
- Disassembly/Demil of DU Rounds
- Assembly of Mines

Line 2:

- Tank LAP (Tactical & Practice)
  Assembly & Explosive Pressing
- 75mm/105mm Blank Cart Assy

Line 3:

- Artillery High Expl (HE) Melt Pour
- IM Flexible Manufacturing System*
  - Cast Cure/Melt Pour LAP
  - 60mm mortars to 155mm Proj

* Future capability from Congressional Funded Projects

Line 3A:

- Artillery/Mortar HE Melt Pour & Assembly

Facilities:

Acres – 19,011
11 Load Lines
141 miles of Interior Roads
102 miles of Railroad
Bldgs – 1,072
Storage – 4.3M sq ft
8 Ammunition Storage Areas
Igloos: 282
Magazines: 23

FACILITY CAPABILITIES

- Demilitarization
- State of Art Contaminated Waste Processors
- Explosive Projectile Disassembly & Washout
- Economical Heating Plants (Coal & Fire)
- Metrology Laboratory
- Chemistry Laboratory
- Engineering Test Development
- Test Fire Facilities
- Hydrostatic Pressing up to 26” dia.

MILAN ARMY AMMUNITION PLANT

PRODUCTION LINE CAPABILITIES

Line A: ICM LAP (M864 & M483)
40mm M430 Pressing

Line B: C-4 Extrusion
40mm Assemble
Booster Pelleting
40mm M433 Pressing

Line D: Assembly Operations
- Mortars (60mm/81mm/120mm)
- M74 Grenades
- Fuzes
- 155mm Assy
155mm M107 & Mortar Melt Pour
Army TACMS
M74 Grenade Melt Pour

Line H: Mortar Component Loading
- Ignition Cartridges
- Prop Charges
Mortar Fuze Assy
Black Powder Pressing

Line I: M183/M112 Assembly
Extrusion Comp C-4

Line O: Melt Out
Inert Pouring
40mm Delinking
40mm Blank Salute

Line X: Melt Pour
- Mortars
- Bursters
MICLIC Assembly
Mortar Drilling
105mm Tank (in storage)

Facilities

10 Production Lines
Acres – 22,357
8,620 Acres Agricultural leases
Bldgs – 1,505
216 Miles Road & 86 Miles Railroad
Storage – 2.3M sq. ft.
Igloos: 874
Magazines: 22

Facility Capabilities

- **Depot**
  - Earth Covered Igloos
  - Category II with IDS
- **Milvan Site**
  - 1.2K Long X 70 ft wide (500K net expl weight)
  - Rail and Road Capability
  - Rough Terrain Front Loaders
- **Ballistic and Destructive Tests**
  - 40mm Cartridges Ballistic Acceptance
  - Static Function Test for Loaded components
  - Transportation, Drop Test and Envir Testing
  - Grenade Flight Testing & Spin Functioning
  - C-4 Demo Block Energy Output
- **Demilitarization**
  - Open Burning/Open Detonation Facilities
  - Federal and State Approved
- **Nondestructive Testing**
  - World Class" Industrial X-Ray Facility - 160 kV to 4 MEV
  - Fluoroscope - 150 kV to 320 kV Portable X-Ray - 200 kV
  - Mag Particle, Magnetic Flux, and Hardness Test Capabilities
  - High Resolution Digital Radiography 420 kV
- **Metrology, Envir & Chem Labs**
- **Machine Shop**
- **Welding & Sheet Metal**

Contractual History – Iowa and Milan AAP Facilities Use Contract

- Mason & Hanger (M&H) operated IAAAP since 1942, when construction was completed.

- Harvey Aluminum Sales, Inc. operated MLAAP in 1971 and earlier; Martin Marietta Aluminum Sales Inc. 1972 – 1984; Martin Marietta Ordnance Systems Inc. 1985 – 1995; Lockheed Martin Ordnance Systems Inc. 1996 – May 1998; General Dynamics Ordnance Systems (GDOS) June1998

- 1998 - American Ordnance (AO), LLC formed as a joint venture between GDOS and M&H (now Day & Zimmermann) and submitted proposal to operate Iowa AAP and Milan AAP under one no-cost Facilities Use Contract
  - J&A signed by Acting Assistant Secretary of the Army for Research, Development and Acquisition, on 02 Mar 1998.
  - Five-year, no-cost Facilities Use Contract signed on 26 Oct 1998
  - Two Basic Ordering Agreements: supplies (e.g., 155mm artillery projectiles ar programs) and services (e.g., abnormal maintenance and new line construction)

- 2004 – Army was pursuing competition when directed to wait until after BRAC 2005. J&A subsequently signed to extend AO's contract to 30 Sep 06, pending the results of BRAC 2005.
- Aug 2006 – A modification to extend the existing facilities use contract with AO to 31 Dec 08, is in process

Current
No Cost Facilities Use Contract

- Operating contractor has exclusive rights to use facility and bid on production work at the facility

- Costs to operate and maintain the facility are absorbed and allocated into the costs of individual supply and service requirements and are offset by Armament Retooling and Manufacturing Support (ARMS) tenant and facility use revenues

- In consideration for exclusive use of the facilities, the operating contractor complies with operational plans for base support

Program Overview

- Operation & Maintenance of both Iowa and Milan beyond December 31, 2008
  - includes requirements for:

  - **Maintenance** – grounds and real property maintenance

  - **Property** – includes maintenance and management of Govt property to include buildings, structures, roads, bridges, grounds, railroad equipment and facilities, vehicles, equipment, and utility systems

  - **Security/Force Protection** – responsible for providing a security program for the protection of the people, facility, and its arms, ammunition, explosives

  - **Safety** – responsible for protecting the lives and health of employees (both Govt and contractor), the public, and the facility. Includes lessee's and subcontractors

  - **Fire Protection** – capabilities needed to protect employees and property against fires, rescue, hazardous material spills,etc.

  - **Environmental**
    - necessary environmental and hazardous material permits issued in the name of the operating contractor
    - Govt responsible for environmental restoration, operating contractor responsible for everything else such as compliance with Federal and State mandated environmental programs and pollution prevention activities

Note: Current SOWs will be provided upon request

Program Overview Cont.

- Major munitions production capabilities at the plants:

  - Iowa AAP
    - Tank Load Assemble and Pack (LAP) (Tactical & Practice)
    - Artillery and Mortar HE Melt Pour and Assembly
    - Missile Warhead Pressing
    - FASCAM LAP

  - Milan AAP
    - Comp C-4 Extrusion & LAP
    - Artillery and Mortar Explosive Melt-Pour
    - Explosive Pressing (40mm & Boosters)
    - Mortar Propulsion Systems (Prop Charges, Ignition Cartridges)
    - Mortar and 40mm Assembly
    - Artillery Improved Conventional Munitions LAP

BRAC 05
Production Functions Relocating

BRAC Gains Description	***Iowa AAP Preliminary Site Locations***
Detonators/Relays/ Delays from LSAAP	Line 4A – formally the ICI airbag detonator line
105mm/155mm HE LAP from KSAAP	Lines 3 & 3A
Missile Warheads from KSAAP	Line 4B
Supplementary Charges from LSAAP	TBD
Mines from LSAAP	Line 1 (FASCAM)
Armed Forces Reserve Center (non production related)	Transfer of 26 acres of land on northern border for construction.

BRAC Gains Description	***Milan AAP Preliminary Site Locations***
Artillery ICM/MLRS Grenade from LSAAP/KSAAP	A Line
Primers from LSAAP	TBD
60mm/81mm/120mm Mortars from LSAAP/KSAAP	D Line
M67 Hand Grenade from LSAAP	TBD
Bursters from LSAAP	TBD

Current Production at Iowa and Milan AAPs*

- Iowa
  - 155mm HE M795
  - Modular Artillery Charge System (MACS)
  - Add-on Armor
  - 40 Lb. Cratering Charge
  - Javelin
  - 155mm HE M107
  - 75mm, 105mm Blank
  - 120mm Tank
  - Excalibur warhead

- Milan
  - Mortar Cartridges
    - LAP
    - Ignition Ctgs
    - Propellant Chgs
  - Demo Charges
  - 40mm work

* Includes work won competitively, noncompetitively, and Third Party Work.

Issues Associated with Production

- Currently, operating contractor gets exclusive rights to bid on production work at the facility
- Individual products have different acquisition strategies which may change over time
- There may be no product guaranteed with this acquisition
- Product awards to AO prior to Dec 08 expected to extend production beyond the Dec 08 timeframe
- There will be some gaps on production lines between available GF equipment and what's needed for production

Indemnification

- Indemnification will most likely be provided for this acquisition
  - not necessarily in the same form as what is currently being used
- Mission includes LAP of munition items, as well as handling and storing munitions
- Sec of Army approval required to include indemnification clause at FAR 52.250-1
- Clause indemnifies contractor against claims by third persons for death, personal injury, or loss of, damage to, or loss of use of property
  - Applicable only to claims or losses resulting from “unusually hazardous” risk when the claim or loss is not covered by insurance
  - Generally covers two types of risk – explosive and environmental
  - Excludes loss or damage caused by willful misconduct or lack of good faith on the part of the contractor’s principal officials
- Operating contractors must still maintain both usual and customary commercial insurance coverage as well as coverage for any unusually hazardous risks, for themselves, their operations, and their employees

Current Armament Retooling and Manufacturing Support (ARMS) Agreements That Will Still be in Effect After Dec 08

Iowa

- Advanced Environmental Technology (AET)
  - 7,094 ft² of manufacturing space thru 23 Oct 2010
- Allworth Contracting
  - 3,350 ft² of storage/garage space thru 31 Jan 2010

Milan

- Greenway Nursery
  - 7.8 acres thru 30 June 2010
- Esterline Defense Group
  - 102,531 ft² (lines Z&E) of manufacturing space thru 01 Dec 2012
- Accurate Energetics
  - Area N thru Dec 2010

Note: Operating contractor(s) will be required to retain any ARMS agreements currently in place.

Tentative Acquisition Milestones

- Issue Draft RFP — June 2007
- Pre-proposal Conference — July 2007
- Issue RFP — TBD
- Close RFP — TBD
- Contract Award — Sept 2008*
- Transition Period — Sept 08-Dec 08

Note: Site visits and additional Industry Days will be held as necessary prior to and after Draft RFP issuance.

* If possible, award will be made sooner than Sept 08 to allow for a longer transition period.

One on One Discussions

- Request that industry address the types of feedback we are looking for -
  - What information is required
  - What types of terms and conditions are needed
  - Your thoughts on production issues and transitioning from one contract to the next
  - What risks you see with this effort and how you recommend we avoid them
  - Solutions to problems
  - What would make site visits meaningful
  - Potential cost drivers
  - Industry and business practices to consider
  - Your comments/concerns/ideas
  - Innovative use of facility assets/underutilized capacity

- We will not treat information received as proprietary unless you tell us otherwise

- Remember keeping good ideas as “proprietary” may keep them out of a future solicitation

Administrative Matters

- Website http://www.afsc.army.mil/ac/aais/ioc/
  - Informational briefings presented to industry
  - Industry questions and answers provided
  - Additional info as it becomes available
  - Website will be updated throughout the process

- Future questions, comments, and concerns should be directed to Procuring Contracting Officer Ms. Cindy Peterman, cindy.l.peterman@us.army.mil; 309-782-4634